

## **SAMHSA's Weekly Financing News Pulse: National Edition**

### **National News**

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### **Around the Hill: Hearings on Health Financing**

**SAMHSA's Weekly Financing News Pulse will be on hiatus over holidays. The next issue of the National Edition will be published on January 11, 2010. Happy Holidays from the SAMHSA Financing Center of Excellence!**

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## National News

- **Senate Democrats Unlikely to Include Medicare Buy-In in Health Care Reform Bill, Vote Could Come by December 24:** Senate Majority Leader Harry Reid (D-NV) continues to await official scores from the **Congressional Budget Office (CBO)** for numerous provisions that he may include in a "manager's amendment" to the **Patient Protection and Affordable Care Act of 2009 (HR 3590)**. Last week, Sen. Reid announced a tentative plan that would replace the public plan option with a Medicare buy-in provision for Americans ages 55 to 64 and a network of private non-profit health plans managed by the **Office of Personnel Management (OPM)**. However, after Senate Democrats met with **President Barack Obama** on December 15, senators indicated that the Medicare buy-in provision will likely not be included in Sen. Reid's amendment ([Kaiser Health News, 12/15](#); [Kaiser Health News, 12/15](#)). **Senator Joe Lieberman** (I-CT), who caucuses with the Democrats and is considered crucial to obtaining the 60-vote majority, said he would only vote for the health care bill if it excluded the Medicare buy-in provision and the public option ([CQ Today, 12/15](#); [Kaiser Health News, 12/15](#)). After a series of procedural votes, Sen. Reid plans to hold a final vote on **HR 3590** by the evening of December 24; however, GOP Senators are attempting to delay that vote using procedural maneuvers ([Kaiser Health News, 12/11](#); [CQ Today, 12/16](#); [CQ Today, 12/17](#); [Kaiser Health News, 12/17](#)). Meanwhile, Sen. Reid continues to struggle to garner the necessary 60 votes, facing opposition from **Senator Ben Nelson** (D-NE) who wants stronger restrictions on abortion funding and **Senator John Rockefeller** (D-WV) who wants the Children's Health Insurance Program (CHIP) continued ([CQ Today, 12/17](#)). In other Senate news, **Senator Byron Dorgan's** (D-ND) amendment to allow the re-importation of American pharmaceuticals from other countries failed on a 51-48 vote and Sen. Reid said that the final bill to emerge from conference committee will fully close the Medicare prescription drug coverage "doughnut hole" ([Kaiser Health News, 12/16](#); [Kaiser Health News, 12/16](#)). Finally, the **White House** announced that it will close a loop hole in HR 3590 that would allow annual and lifetime care limits while **House Majority Leader Steny Hoyer** (D-MD) and **House Speaker Nancy Pelosi** (D-CA) both indicated that the House could pass a health reform bill without a public option ([Kaiser Health News, 12/17](#); [Kaiser Health News, 12/15](#); [Kaiser Health News, 12/14](#)).
- **President Obama Signs FY2010 Spending Bill, Increases Funding for HHS and SAMHSA Programs:** On December 16, **President Obama** signed the **Consolidated Appropriations Act, 2010 (HR 3288)**, increasing **U.S. Department of Health and Human Services (HHS)** funding to \$603.7 billion for FY2010, which is \$34.3 billion more than FY2009, including **American Recovery and Reinvestment Act (ARRA)** funding. The bill includes the following funding increases for the **Substance Abuse and Mental Health Services Administration (SAMHSA)**:
  - \$20 million for the **Center for Substance Abuse Treatment (CSAT)** block grant funding
  - \$40.3 million for CSAT's Programs of Regional and National Significance (PRNS)
  - \$1 million for the **Center for Substance Abuse Prevention's** PRNS
  - \$7 million for the **Center for Mental Health Services (CMHS)** Primary and Behavioral Health Care Integration
  - \$17.1 million for CMHS' PRNS
  - \$13 million for CMHS' Children's Mental Health
  - \$5 million for CMHS' Projects for Assistance in Transition from Homelessness (PATH) ([CQ Bill Analysis, National Council, 12/17](#); [AP, 12/13](#)).

Additional funding tables are available through the [National Council for Community Behavioral Healthcare](#) and [Mental Health America](#). The bill also increases the **Centers for Medicare & Medicaid Services' (CMS)** funding by \$56 billion to \$518.9 billion.

- **House Passes Bill to Extend COBRA Subsidies, Temporarily Blocks Medicare Physician Reimbursement Cuts:** On December 16, the House passed a **Department of Defense (DOD)** appropriations bill (**HR 3326**) that included a provision to expand the 65 percent COBRA subsidy originally passed as part of the ARRA and temporarily delay scheduled Medicare physician reimbursement reductions. The ARRA COBRA provision provides a nine-month 65 percent COBRA subsidy to employees laid off before December 31, 2009. With eligibility for some early enrollees expiring this month, **HR 3326** would expand the subsidy period from nine to 15 months, applying retroactively to those whose eligibility has already expired. The bill would also extend the enrollment cutoff point for COBRA subsidies through February 28, 2010. In addition, HR 3326 would delay a 21 percent cut in Medicare physician reimbursements currently scheduled to take effect January 1, pushing the cuts back until March 1 while Congress considers numerous "Doc Fix" proposals that would permanently alter the sustainable growth rate (SGR) formula used to calculate the payments. The Senate is expected to take up the bill December 18 ([Kaiser Health News, 12/17](#); [Kaiser Health News, 12/17](#); [Bloomberg, 12/16](#)).
- **Secretary Sebelius Announces Award to 9 States for Increasing Children's Health Coverage:** On December 17, **HHS Secretary Kathleen Sebelius** announced the award of \$72 million in performances bonuses allocated under the **Children's Health Insurance Program Reauthorization Act (CHIPRA)** for nine states that made significant progress enrolling children in Medicaid and improving access to children's health care through Medicaid and CHIP. To receive the award funding, states had to adopt at least five of eight listed program features and demonstrate significant increases in Medicaid enrollment among children. Funding went to the following states: Alabama (\$39.1 million), Alaska (\$789,000), Illinois (\$9.1 million), Louisiana (\$1.5 million), Michigan (\$3.7 million), New Jersey (\$4.2 million), New Mexico (\$5.1 million), Oregon (\$1.6 million), Washington (\$7.5 million) ([HHS via Business Wire, 12/17](#); [Birmingham Business Journal, 12/17](#)).
- **Polls Find More Opposition to Health Care Reform:** A **Washington Post-ABC News poll**, conducted December 10 to 13, found that 51 percent of respondents oppose congressional health care reform while only 44 percent favor it. Similarly, the poll found that 53 percent of respondents disapprove of **President Obama's** handling of health care while 44 percent approve. In addition, 53 percent of respondents believe that health care reform will increase their health care costs and 50 percent believe that the quality of their care would deteriorate under the reform. However, the poll found that 63 percent of respondents favor the congressional proposal to allow individuals between 55 and 64 to enroll in Medicare ([Kaiser Health News, 12/16](#); [ABC, 12/15](#)). An **NBC-News/Wall Street Journal** poll, conducted December 11 to 14, found similar results, with 47 percent of respondents calling the president's health care reform "a bad idea" and only 33 percent characterizing it as "a good idea." The NBC poll also found that 44 percent of Americans believe that it would be better to keep the current health care reform system than impose the president's reforms ([Kaiser Health News, 12/16](#); [MSNBC, 12/16](#)).

## Studies Released

- **White House CEA Finds Health Care Reform Would Slow Health Care Cost Growth, Strengthen Economy:** On December 14, the **White House Council of Economic Advisors (CEA)** released a [report](#) on Congress' current health care reform legislation (**HR 3590** and **HR 3962**), finding that both bills would slow health care cost growth over the long-term. The report found that, after initial health care

spending increases associated with the bill's expanded coverage, the Senate's bill (**HR 3590**) would slow the rate of health care cost growth by 1 percent annually and lower health care spending by 0.5 percent. The report also notes that, under the Senate bill, GDP will increase 4 percent by 2030 as health care spending falls and average family income will rise by roughly \$6,800 ([Kaiser Health News, 12/15](#); [Kaiser Health News, 12/14](#)).

- **CMS Report Finds Health Care Spending Would Increase More Rapidly Under Senate's Reform Bill:** A [report](#) by the **CMS Office of the Actuary** found that, under the Senate's health care reform bill (**HR 3590**) as proposed on November 18, total national health care expenditures will increase \$234 billion (0.7 percent) between 2010 and 2019 while expanding coverage to 93 percent of Americans. The report also found that plans to cut Medicare spending by \$493 million over 10 years through reduced provider payments and increased efficiency may cause service reductions for Medicare beneficiaries and loss of profitability for 20 percent of health care providers that predominately treat Medicare patients. Unlike the **CBO's** cost estimates, which focus exclusively on the impact legislation on federal spending, the CMS report assesses the legislation's effect on all health care spending ([Kaiser Health News, 12/14](#); [AP, 12/12](#)).
- **MTF Study Finds More Teens Using Marijuana While Other Drug Use Declines:** The 2009 Monitoring the Future (MTF) study, funded by the **National Institute on Drug Abuse (NIDA)** and conducted by **University of Michigan**, found that more teens are using marijuana though other drug use continues to decline. The survey found that past-month marijuana use among 12<sup>th</sup> graders increased from 18.3 percent in 2006 to 20.6 percent this year while use among 10<sup>th</sup> graders rose from 13.8 percent to 15.9 percent. The survey also found OxyContin abuse increased slightly among 10<sup>th</sup> graders but found that the proportion of students reporting non-marijuana drug use continues to fall, currently at 7, 12, and 18 percent respectively in eighth, tenth and twelfth grades ([MTF, 12/14](#); [AP, 12/14](#); [Join Together, 12/15](#)).
- **Study Finds Over 25 Percent of Adult Health Spending Associated with Disability:** A study conducted by **RTI International**, funded by **CMS**, and published in **Public Health Reports**, found that over 25 percent of adult health care spending was associated with disability in 2006. The study found that disability-associated health care spending in 2006, which includes spending on physical and mental disabilities, totaled \$397.8 billion. The report found that the costs were largely borne by the public sector, especially Medicaid. The report also provides state-level data on disability spending ([Kaiser Health News, 12/11](#); [Insurance Journal, 12/11](#)).
- **Families USA Report Estimates the State-Level Effects of the Senate Health Reform Bill on the Uninsured:** Using data and estimates from the **CBO**, a **Families USA** [report](#) estimated the state-level effects of Senate's health care reform bill (**HR 3590**) on the uninsured, finding that every state will see a significant increase in health insurance coverage under reform and a substantial loss of coverage without reform. The report found that, by 2019, Arizona, New Jersey, Ohio, North Carolina, Illinois, Georgia, New York, Florida, Texas, and California would have the largest gains in coverage under reform and the most substantial losses of coverage without reform ([Kaiser Health News, 12/17](#)).
- **Urban Institute Explores Eligibility and Enrollment Procedures for Health Care Reform:** A [report](#) published by the **Urban Institute** examines lessons learned from previous health care coverage expansions, noting that many expansions fail to enroll eligible uninsured individuals. The authors

recommend using existing government data, including federal income tax data, to verify eligibility for national health care reform programs. In addition, the authors recommend funding community-based organizations to help uninsured individuals learn about and apply to new health care programs ([Urban Institute, 12/1](#); [Kaiser Health News, 12/11](#)).

- **KFF Report Examines Health Coverage for Adults Ages 55 to 64:** The **Kaiser Family Foundation** (KFF) released a [report](#) documenting the current state of coverage for the 4 million uninsured Americans between the ages of 55 and 64 in anticipation of a potential Medicare buy-in program in the Senate's health care reform bill (**HR 3590**). Because Senate Democrats have yet to release details of the proposal, which is not expected to be included in the final bill, the report does not present the potential effects of the program on the uninsured population ([Kaiser Health News, 12/11](#)).
- **KFF Releases Medicaid and CHIP Data:** The **KFF** has released updated national and state-level [data](#) on Medicaid and CHIP, including monthly enrollment data, eligibility information, enrollment and renewal practices, and updated information on Home and Community Based Services (HCBS) waivers.
- **CWA Report Argues that the Senate's Proposed "Cadillac" Health Plan Tax Would Hurt the Middle Class:** A [report](#) released December 17 by the **Communications Workers of America** (CWA) argues that the 40 percent excise tax on "Cadillac" health insurance plans that the Senate Democrats' health reform bill (**HR 3590**) would impose on health insurers, would adversely affect middle class Americans. The CWA report says that, though the law applies to insurers, it would affect nearly 25 million households by 2019, costing those households an average of \$7,500 more over seven years. The CWA report also estimates that, by 2019, the tax would affect 20 percent of middle class Americans earning between \$50,000 and \$75,000 annually ([CWA, 12/17](#); [Kaiser Health News, 12/17](#)).
- **Study Questions Merit of Health Care Reform's "Cadillac" Health Plan Tax:** A [study](#) published in **Health Affairs** argues that the 40 percent excise tax on "Cadillac" health insurance plans included in the Senate's health care reform bill (**HR 3590**) may not have the desired results. The authors note that only 3.7 percent of the variation in cost of coverage can be explained by benefit design while only 6.1 percent is attributable to benefit design and plan type (e.g. HMO, PPO). The authors argue that, because most variation in health insurance premiums remains largely unexplained, the proposed tax may not achieve its goal ([Kaiser Health News, 12/11](#)).

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**None held or scheduled.**